



MINUTES

AGRICULTURAL DEVELOPMENT TASK FORCE MEETING

MONDAY, JULY 02, 2007

The Agricultural Development Task Force held a meeting on Monday, July 2, 2007 at 1:05. p.m. in the Council Committee Meeting Room, 2nd Floor, Room 205, Honolulu Hale, Honolulu, Hawaii 96813.

MEMBERS PRESENT: Yuki Kitagawa (Chair), Dean Okimoto, Vice Chair, Jimmy Nakatani, and Kapu Smith.

NOT PRESENT: Charley Ice, Calvin Lum and Wayne Ogasawara.

ADMINISTRATION/OTHERS PRESENT:

Andrew Malahoff (Council Chair Marshall's office), Jaccee Mikulanec (Councilmember Dela Cruz's staff), Sharleen Oshiro (Councilmember Cachola's staff), Kimberly Ribellia (Councilmember Dela Cruz's staff); Henry Eng, Director, Department of Planning and Permitting (DPP), Elizabeth Chinn (DPP), Ray Sakai (DPP), Kathy Sokugawa (DPP), Bob Sumitomo (DPP); Gary Kurokawa, Real Property Assessment Division (RPAD), Paula Fukuda (RPAD), Lee Ideta (RPAD); Ann Chung, Director, Office of Economic Development (OED), Alenka Remec (OED).

Rick Spencer, Hawaiian Marine Ent; Tina Jensen & Bernie Moriaz, Kamaaina Land Plant Nursery; Mark Takemoto, Castle & Cooke, Inc.

AGENDA ITEMS

APPROVAL OF MINUTES

The minutes of the May 07, 2007 meeting were approved as circulated.

ITEM 2 AGRICULTURE SUBDIVISION USES AND ASSESSMENT

Task Force Chair (Chair) Kitagawa called on Member Okimoto to introduce the topic relating to how subdivisions are used and managed.

Member Okimoto stated that the problem was brought to his attention by Tina Jensen and called on Mr. and Mrs. Jensen to describe the situation.

Ms. Jensen gave an overview of the Poamoho Agricultural Subdivision where their plant nursery has been located since purchasing the property in 2003. At the onset a letter of aloha was sent to neighbors introducing their business.

There was a rudimentary gate put up by the owner to prevent theft. Discussions were held with the current farmer for the gate to remain open because the Jensen's own a walk-in nursery. The gate prevents customers from coming in and out, hampers deliveries and keeps employees out. The landowners recently installed a bigger electrified gate with a code box and sent a letter that the gate would be locked 24/7. Open access to the farm lot is vital during business hours.

The Jensen's have been forced to defend themselves against the landowners and wracked up \$5000 in legal fees in the process. There is a statute about impeding Ag use and an attorney has been engaged to enforce the claims that there are zoning and real property tax violations. The attorney is challenging the locking of the gate and the illegal use of the land. Gentlemen Estates are illegal. There are only two Ag operations on the entire 15-lot subdivision of five acres each.

The media involvement brought attention to the illegal usage at the site. Life of the Land is now involved and after reviewing the covenants and restrictions stated that if the dwellings on the properties are not farm dwellings, the building permits could be revoked. The Jensen's have also talked to the Landscape Council of Hawaii, City and County, State Legislators and others about this situation.

Director Eng informed that there is no further enforcement once landowners comply with the specific requirements of the subdivision. The use of the property relates to the Land Use Ordinance (LUO) but the gate usage is a situation more suited to resolution by the Association of Land Owners.

Member Okimoto questioned who enforces Act 205 provisions relating to barriers that impede Ag businesses. Director Eng responded that DPP would look in the matter,

review Section 205-4.5 and 4.6 and confer with Corporation Counsel on how to proceed to determine full compliance with the LUO.

Chair Kitagawa queried whether DPP was developing plans for the future uses of vacant Ag lands that are now becoming available. Director Eng stated that DPP does not yet have much experience in that area.

Mr. Kurokawa commented that an appraiser was sent out to get more detailed information on the appropriate agricultural use of the properties. Some of the lots are being leased out.

If the owner were not farming the assessment would be at fair market value in Ag. There is also a dedication provision where the RPAD can collect back taxes if the activity on the property was not as stipulated in the dedication.

Task Force Members requested that the definition of Ag be reexamined for the loopholes and changed for better enforcement.

Chair Kitagawa stated that the Ag Task Force should be part of the discussion with the counties to work out clearer legislation to prevent illegal activities from happening.

At this juncture, Chair Kitagawa stated that he would skip item 3 and take up item 4.

ITEM 4 AGRICULTURAL PROPERTY TAX ASSESSMENTS

Chair Kitagawa referred to Communication M-808 and called on Rick Spencer.

Mr. Spencer requested a change to Ordinance 90 because it: 1) excluded the dwelling of the farmer who works on the land, 2) charged residential rates and, 3) raised the property tax by 13 times. He asked that the Council consider an income test for farmers who can establish that they are deriving 50% or more of their income from agriculture. The land under which the house resides would then receive the benefit of the 50% dedication and reduce taxes by 50%. He is looking for a way to dedicate the residential portion that is used by farm workers because farmers are hurting from the bureaucracy.

Mr. Kurokawa reported that he reviewed Mr. Hamachi's letter (M-808) but could not reach him to get the specific TMK's for research. The real property taxes have increased since 2003 by double or triple but not 13 times. The farm dwelling where the worker lives is being assessed at \$5.70 Ag rate.

An ordinance change to reflect income levels would require one of the departments or divisions to examine income and create much more work. The changes made are a major factor for the difficulty of RPAD carrying out enforcement. Each year the increased number of filings create an extra burden for the Department.

The owners who do not have the homeowner's exemption are going to be assessed at the Ag classification. If the farmer lives, owns and occupies the dwelling on the property, \$80,000 is the standard exemption and for those 65 or over the exemption is \$120,000. The rate is \$3.29 with the exemption and \$5.70 without the exemption.

Member Smith gave an example. A house lot valued at \$100,000 with a home exemption of \$50,000 leaves a \$50,000 balance that is divided by 1000 and multiplied by \$3.29. If there is no exemption the \$100,000 is multiplied at the Ag rate of \$5.70.

Member Okimoto commented that as a farmer, he understands the importance of keeping the farmers viable but Mr. Spencer's request appears to be tax favoritism and equal rights may be an issue.

Mr. Spencer remarked that he would pursue the foregoing issues with Councilmember Dela Cruz and work toward some resolution.

Mr. Kurokawa stated that confusion may be that there are two components in the structure – valuation and classification. The values vary across the island depending on where the property lies.

Chair Kitagawa remarked that at this point he did not know enough to be very definitive about what the Task Force's recommendations should be to the Council.

Mr. Kurokawa reiterated that the way to assist the RPAD is to get rid of the one-year dedication. There are more than 300 annually and the staff cannot go to check out anything because of the constant processing of the dedications. The landowners do the paperwork, but the verification is the staff's responsibility, a very time consuming process. There are three people dedicated to this and the heavy workload delays the processing of appeals. This penalizes other farmers because one-year dedications lack monitoring. There are varying degrees of farms and the law cannot satisfy all because the definition is so broad and covers the small farmer to the 1000-acre farmer.

Chair Kitagawa invited Mr. Kurokawa to continue to address this topic at the next meeting.

Related communication:

M-808 Grant Hamachi, President, East County Hawaii Farm Bureau, expressing concerns about the recent change in agricultural property tax assessments

At this juncture Chair Kitagawa returned to Item 3.

ITEM 3 DEVELOPMENT PLAN TO GUIDE USE OF AGRICULTURAL LANDS BY
THE DEPARTMENT OF PLANNING AND PERMITTING

Chair Kitagawa referred to the documents that were mailed out to the Task Force members, Communications D-549, General Plan (GP) policies relating to Ag and M-985, Department of Ag's report on IAL. The Task Force may be taking on a very large task to make Ag a more viable industry on Oahu, especially now when more lands are becoming available for diversification.

Ms. Sokugawa reported that the GP was last amended in 2002 when the State came up with their new population figures. The section relating to Ag has not been updated since 1970. There are nine regional plans and there are six in the updating process. All nine plans have an Ag component in it. The consultants are engaged in "talk story" to gain preliminary input from the community and the farmers.

The land use district is controlled through the GP (long-term policies), and that direction is translated to the regional DP and sustainable community plan, with the recommended strategies for Ag. Each action plan for the GP, especially the rural ones contain a section on Ag, where the important lands are and describe what kind of usage should be allowed in that area.

Ms. Sokugawa stated that it would be very timely if the Task Force wanted to participate in the community meetings as the DPP is just establishing the advisory committees for each rural area.

Chair Kitagawa stated that he wanted to do work to update the GP policy to make it inclusive rather than addressing the implementation process and do more than the IAL. He inquired whether DPP could provide staffing and other resources to assist the Task Force to come up with the plan for what Ag would look like on Oahu in the future.

Member Smith commented that the problem is that the IAL is like a deed restriction on the landowners and that whether the County participates in the IAL process comes down to proper funding.

Ms. Sokugawa stated that the DPP will submit its testimony to the Task Force during the legislative session. Whether DPP requests funding depends on the scope of work demanded from the Land Use Commission – besides the mapping what is their expectation. There are no instruction sheets for filing yet, so the DPP remains clueless as to what to pursue.

Chair Kitagawa commented that the State is depending on the counties to identify the IAL's. The Task Force needs to look at GP policies, the IAL, other Ag lands and its uses and rural lands in order to make recommendations to the Council and Administration.

Member Nakatani requested the list of landowner incentives relating to the IAL.

Director Eng suggested that the Ag Task be placed on the DPP mailing list for the community meetings and participate if so inclined.

Related communications:

- D-549 Department of Planning and Permitting transmitting the General Plan policies relating to Agriculture.
- M-985 Department of Agriculture transmitting its Final Report on the Incentives for Important Agricultural Lands, ACT 183, SLH 2005.

ITEM 5 ANNOUNCEMENTS

Chair Kitagawa announced that before closing, Councilmember Dela Cruz wanted to make a presentation.

Councilmember Dela Cruz presented a congratulatory message to Task Force Member Dean Okimoto for winning the Kaleihalo Heritage Award.

Chair Kitagawa announced the next meeting would be scheduled for Monday, August 6, 2007. Member Okimoto indicated that he would not be available therefore Chair Kitagawa responded that he would adjust the calendar and inform the members.

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ADJOURNMENT

The meeting was adjourned at 3:00 p.m.

NOTICE

THERE WILL BE A MEETING OF THE AGRICULTURAL DEVELOPMENT TASK FORCE

DATE: MONDAY, JULY 2, 2007
TIME: 1:00 P.M.
PLACE: COUNCIL COMMITTEE MEETING ROOM 205
Honolulu Hale – City Hall

AGENDA

1. Approval of Minutes of May 07, 2007
2. Agricultural Subdivision Uses and Assessment
3. Development Plan to Guide Usage of Agricultural Lands by the Department of Planning and Permitting.
4. Agricultural Property Tax Assessments (Communication M-808)
5. Announcements.
6. Adjournment.

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Persons wishing to speak on items listed on the agenda are requested to register by 1:00 p.m. in the interest of time management as follows:

SPEAKER REGISTRATION:

Persons wishing to speak on items listed on the agenda are requested to register by 1:00 p.m. in the interest of time management as follows:

- a. use the On-Line City Council Speaker Registration form available <http://www.honolulu.gov/council/attnspkps.htm>;
- b. send a fax to 527-5733 indicating your desire to register to speak, along with your name, phone number and subject matter;
- c. fill out the registration form in person; or
- d. Call 523-4369.

Each speaker is limited to a **one-minute** presentation.

Persons who have not registered to speak should raise their hands at the time the item is announced and they will be given an opportunity to speak following oral testimonies of the registered speakers.

WRITTEN TESTIMONY:

If you wish to submit written testimony:

- a. Fax to 527-5733 or
- b. go to <http://www.honolulu.gov/council/emailps.htm> to email your written testimony.

By submitting written testimony, you are **not automatically registered to speak**. Refer to "SPEAKER REGISTRATION" procedures above.

If submitted, written testimonies, including the testifier's address, e-mail address, and phone number, may be posted by the City Clerk and available to the public on the City's DocuShare Website.

Any disabled person requiring special assistance should call 523-4369 for details at least one day prior to the meeting date.